

July 31, 2018

**VIA HAND DELIVERY**

James B. Christoffersen  
General Counsel  
Tennessee Health Services  
and Development Agency  
Andrew Jackson, 9th Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: NHC HealthCare, Cookeville, CN1604-014

Dear Mr. Christoffersen:

This letter is submitted on behalf of the NHC HealthCare, Cookeville (“NHC-Cookeville”) relative to its request for extension as described below.

**Background**

NHC-Cookeville is a 94-bed nursing home facility located in Cookeville, TN. The certificate of need in question was approved at the Agency’s meeting in August of 2016. The project involves the addition of 10 Medicare skilled beds in private rooms, the construction and renovation of space to convert 12 existing semi-private rooms to 24 private rooms, the addition of therapy and space. The total project cost was projected to be \$4,806,490. The certificate of need will expire October 1, 2018.

**Reasons for the Delay**

NHC-Cookeville is owned by National Health Corporation (“National”). National provides services to multiple healthcare operators including National HealthCare Corporation (“NHC”). These services include personnel, loss control, education and training. NHC is a publicly-traded company headquartered in Murfreesboro, TN. NHC operates approximately 75 nursing home facilities, including 35 facilities in Tennessee.

NHC-Cookeville is one of five nursing home facilities owned indirectly by the National Health Corporation Employee Stock Ownership Plan (“ESOP”), which is an ESOP organized for the benefit of employees. Subsequent to the approval of the certificate of need described above, National’s Board of Directors and the ESOP determined that it would be in the ESOP’s best interest to sell the five nursing homes owned by National. In connection with this potential sale,

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National has obtained an appraisal of the five facilities. The ESOP's Trustees have also determined that it would be prudent and consistent with its fiduciary responsibilities to engage an independent trustee to handle the negotiations and sale of the nursing home facilities. Because of the complexity of the situation, it has taken longer than anticipated to engage a trustee. National is optimistic that a trustee will be engaged soon and that the sale transaction will be completed in early 2019.

NHC-Cookeville is managed by Tennessee HealthCare Advisors, LLC, an affiliate of NHC. NHC is the source of funds for the certificate of need project and is committed to proceed with the project.

Given the uncertainty as to the timing of NHC-Cookeville's ownership transition, the certificate of need project has been delayed.

#### Requested Extension

National is optimistic that the sales process will be completed by mid-2019. The certificate of need project has multiple components and is expected to require approximately two years to complete. Based on these considerations, NHC-Cookeville requests an extension of three (3) years to complete the project. A filing fee in the amount of \$16,185.50 is enclosed in support of this request.

We would appreciate this matter being included in the General Counsel's report as part of the agenda for the Agency's meeting scheduled for August 22, 2018. In the meantime, please let me know if you have any questions. Thank you for your attention to this matter.

Very truly yours,

BUTLER SNOW LLP



Dan H. Elrod

Enclosure



**State of Tennessee**

**Health Services and Development Agency**

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243  
[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

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September 28, 2016

Bruce Duncan  
National HealthCare Corporation  
100 Vine Street, 12th Floor  
Murfreesboro, TN 37130

RE: NHC Healthcare, Cookeville - CN1604-014A

Dear Mr. Duncan:

As referenced in our recent letter, please find enclosed your Certificate of Need for the above-referenced application that was approved at the August 24, 2016 meeting of the Tennessee Health Services and Development Agency.

The Health Services and Development Agency Rules require that an Annual Progress Report be submitted each year and a Final Project Report form is to be submitted within ninety (90) days after completion of a project which shall include completion date, final costs, and other relevant information in regards to the project, pursuant to Public Acts 2002, Chapter No. 780, § 16-11-1609(d). Also required is the registration of certain medical equipment pursuant to Tennessee Code Annotated § 68-11-1607(i), which states "*The owners of the following types of equipment shall register such equipment with the health services and development agency: computerized axial tomographers, magnetic resonance imagers, linear accelerators and positron emission tomography.*" ..... "*The survey shall include but not limited to the identification of the equipment and utilization data according to source of payment.*"

The aforementioned forms can be found on the Agency's website at [www.tennessee.gov/HSDA](http://www.tennessee.gov/HSDA). Should you have any questions or require further information regarding this Certificate, please do not hesitate to contact this office.

Sincerely,

Melanie M. Hill  
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA  
Ann R. Reed, TDH/HCF

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STATE OF TENNESSEE  
Health Services and Development Agency



Certificate of Need No. **CN1604-014A** is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: NHC HealthCare  
100 Vine Street  
Murfreesboro, TN 37130

For: NHC Healthcare, Cookeville

This Certificate is issued for: The addition of 10 newly constructed Medicare certified SNF nursing home beds and the renovation of 12 existing patient rooms located at NHC HealthCare Cookeville.

\* These beds will be subject to the 125 nursing home bed pool for 2015-2016.

On the premises located at: 815 South Walnut Avenue  
Cookeville (Putnam County), TN 38501

For an estimated project cost of: \$4,806,490

The Expiration Date for this Certificate of Need is

October 1, 2018

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: August 24, 2016

  
Chairman

Date Issued: September 28, 2016

  
Executive Director